

## **CITY OF ALAMEDA**

### **Memorandum**

To: Honorable Mayor and  
Members of the City Council

Honorable Chair and  
Members of the Alameda Reuse and Redevelopment Authority

Honorable Chair and  
Members of the Community Improvement Commission

From: Lisa Goldman  
Acting City Manager/Acting Executive Director

Date: February 1, 2011

Re: Accept the FY09-10 Audited Financial Statements and Compliance  
Reports

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### **BACKGROUND**

The Alameda City Charter Article IV, Section 4-2, various financing covenants, and rules associated with restricted funding sources, require the City of Alameda to publish financial statements presented in conformance with generally accepted accounting principles (GAAP) and to be audited by a firm of licensed certified public accountants. The financial reports noted in the exhibit section of this report below include financial statements and supplemental data that summarize the results and operations of all funds and give the financial position of the City for FY09-10.

The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with nationally recognized reporting standards established by the Governmental Finance Officers Association (GFOA). The CAFR and the other reports and financial statements are on file with the City Clerk. After acceptance, the CAFR will be included in the Finance section of the City's website.

### **DISCUSSION**

The City's CAFR shows that the City continued to hold a sound financial position for FY09-10. The CAFR contains the basic financials of the City (including the Alameda Reuse and Redevelopment Authority (ARRA), Community Improvement Commission (CIC), Alameda Municipal Power (AMP) and Alameda Housing Authority (AHA) as component units), and contains the following:

**CC/ARRA/CIC/HABOC**  
**Agenda Item #2-C**  
**02-01-11**

*Introductory Section:* This section contains the City's transmittal letter, which highlights accomplishments and discusses economic conditions and outlook. This section also contains a listing of principal officials, a City-wide organization chart, a map of the area and a copy of an award to the City for excellence in financial reporting from the Governmental Finance Officers Association of the United States.

*Financial Section:* This section includes the auditor's opinion letter, the Management Discussion and Analysis of the financial statements, and the financial statements for each of the City's funds. Budget to actual comparisons for most funds can be found within these statements.

*Statistical Section:* This section provides information regarding financial trends, revenues and debt capacity, demographic and economic information, as well as information relating to City operations. This section includes graphs of relevant historical data, which can be useful in analyzing the changes of the financial condition of the City over the previous ten fiscal years.

The General Fund is the chief unrestricted operating fund of the City of Alameda. At June 30, 2010, the City's General Fund had a fund balance of approximately \$22 million, which included unrestricted, available funds of approximately \$15 million, with the balance reserved primarily for fire station improvements and for loans made to other funds. This was higher than the amount projected as the beginning balance in the adopted budget for FY10-11, due primarily to lower than expected expenditures in several categories.

Available retained earnings (i.e. working capital) in the City's Internal Service Funds totaled approximately \$4 million as of June 30, 2010, which was higher than the amount projected as the beginning balance in the adopted budget for FY10-11, due to lower than expected expenditures for Risk Management and Equipment Replacement.

Available retained earnings in the City's Enterprise Funds (which accounts for the City's Sewer, Ferry and Golf Course operations) totaled approximately \$14 million as of June 30, 2010, which was higher than the amount projected as the beginning balance in the budget for FY10-11, due to carryovers of funds to FY10-11 for some sewer related capital projects.

Fund balances in the City's other restricted governmental funds (including CIC and ARRA) totaled approximately \$80 million as of June 30, 2010. This was higher than the amount projected as the beginning balance in the FY10-11 adopted budget, due to the carryover of funds to FY10-11 for a number of capital projects. These funds are governed by many covenants and restrictions and may only be used on specific projects and programs.

The auditors have issued a Memorandum on Internal Control and Required Communications, which noted four recommendations for follow-up by Staff, all of which staff will look toward implementing in FY10-11, and none of which is considered a material weakness.

FINANCIAL IMPACT

Acceptance of this report does not affect the City's budget or its financial condition. The report reflects an audit of the City's financial records for all funds at June 30, 2010.

RECOMMENDATION

Accept transmittal of FY09-10 Audited Financial Statements and Compliance Reports.

Respectfully submitted and approved as to funds and account,



Fred Marsh  
Controller

Exhibits (all for FY09-10):

1. City of Alameda Comprehensive Annual Financial Report (CAFR) – on file in the City Clerk's office
2. Agreed Upon Procedures Report on Compliance with Vehicle Code Section 40200.3 Parking Citation Processing
3. Agreed Upon Procedures Report on Compliance with the City's Appropriations Limit
4. Police and Fire Retirement System Pension Plans 1079 and 1082 Audit Report ) – on file in the City Clerk's office
5. Metropolitan Transportation Commission Grant Program Financial Statements
6. Alameda Reuse and Redevelopment Authority of the City of Alameda, Component Unit Basic Financial Statements) – on file in the City Clerk's office
7. Community Improvement Commission of the City of Alameda, Component Unit Basic Financial Statements) – on file in the City Clerk's office
8. Memorandum on Internal Control and Required Communications
9. City of Alameda Alameda County Transportation Improvement Authority Measure B 2000 Funds Financial Statements

cc: City Auditor  
City Treasurer  
Maze & Associates  
Caporicci and Larson, Inc.

ACCOUNTANCY CORPORATION  
3478 Buskirk Ave. - Suite 215  
Pleasant Hill, California 94523  
(925) 930-0902 • FAX (925) 930-0135  
maze@mazeassociates.com  
www.mazeassociates.com

CITY OF ALAMEDA  
AGREED UPON PROCEDURES REPORT ON  
COMPLIANCE WITH THE PROPOSITION 111  
2009-2010 APPROPRIATIONS LIMIT INCREMENT

Honorable Mayor and Members of the City Council and City Auditor of the  
City of Alameda,  
Alameda, California

We have applied the procedures below to the Appropriations Limitation Worksheet for the City of Alameda for the year ended June 30, 2010. These procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report is intended for the information of management and the City Council; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

The procedures you requested us to perform and our findings were as follows:

- A. We obtained the Appropriations Limitation Worksheet and determined that the 2009-2010 Appropriations Limit of \$84,266,213 and annual adjustment factors were adopted by resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
- B. We recomputed the 2009-2010 Current Appropriations Limit by multiplying the 2008-2009 Prior Year Appropriations Limit on the Worksheet by the annual adjustment factors.
- C. For the Appropriations Limitation Worksheet, we agreed the Per Capita Income, County and City Population Factors to California State Department of Finance Worksheets.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the Appropriations Limitation Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures or made an audit of the Appropriations Limitation Worksheet and the other completed worksheets described above, matters might have come to our attention which would have been reported to you.

*Maze & Associates*

October 1, 2010

A Professional Corporation

CC/ARRA/CIC/HABOC

Exhibit 3 to

Agenda Item #2-C

02-01-11